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September 5, 2006

VIA HAND-DELIVERY

Charles L. A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

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SC PUBLIC SERVICE
COMMISSION

Re: **Docket No. 2006-267-E; Application for approval of Electric Service Contract between South Carolina Electric & Gas Company (SCE&G) and Parkdale Mills, Incorporated**

Dear Mr. Terreni:

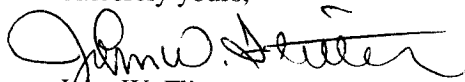
This is to acknowledge that the Office of Regulatory Staff (ORS) has reviewed the above referenced filing and has no objection to the proposed electric service contract between SCE&G and Parkdale Mills, Incorporated (Parkdale). Parkdale's plant is located in Aiken County, South Carolina near the town of Graniteville and is a cotton yarn spinning facility. The plant was purchased from Avondale Mills which had announced the closing of the facility this past spring.

This contract was executed under SCE&G's economic development program. SCE&G entered into this agreement to retain the load being served at these facilities. According to the Application, the occupancy and continued operations of these facilities by Parkdale helps to ease the economic impact to the area by retaining approximately 250 jobs at the plant location.

If the Commission is inclined to grant this request, ORS would recommend including a provision in the order requiring SCE&G to track any resulting foregone revenue and reserve the appropriate ratemaking treatment related to any such foregone revenue for a future rate proceeding or review as determined by the Commission.

Thank you for the opportunity to provide our comments in this matter.

Sincerely yours,


John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Shannon B. Hudson, Counsel, SC ORS
Patricia Banks Morrison, Senior Counsel, SCANA
Daniel K. Wilson, CFO, Parkdale Mills, Inc.
Dr. James Spearman, Executive Assistant, SCPSC